

in the minds of the public at large, which prompted almost everybody to entertain any proposition for investment, however absurd, which was tendered. The excitement of that period was further promoted by the acknowledgment of the South American republics by this country, and the inducements held out for engaging in mining operations, and loans to those governments, in which all classes of the community in England seem to have partaken almost simultaneously. With those speculations arose general speculation in commercial produce, which had an effect of disturbing the relative values between this and other countries, and creating an unfavorable foreign exchange, which continued from October, 1824, to November, 1825, causing a very considerable export of bullion from the bank, about seven millions and a half.<sup>1</sup>

The correctness of these views is supported by the phrensy of speculation which seized the community. The new republics of Latin America, the New European states which had been carved out of the Empire of Napoleon, and the older governments which had incurred heavy war expenses, appeared in the London market as borrowers and the public loans issued within four years were estimated at nearly £50,000,000. Stock companies were formed with objects as indefinite and impracticable as in the time of the South Sea Bubble. One which found subscribers proposed to drain the Red Sea to recover the gold lost by the Egyptians when pursuing the Israelites.<sup>2</sup> It was estimated that £150,000,000 of British money, including that invested in government loans, had been sunk in Mexico and South America alone.<sup>3</sup> Much of it went into mining shares, which advanced fabulously during 1824 and 1825. The Real del Monte shares, on which £70 was paid, were at £550 in December, 1824, and £1350 in the following January. The first payments required did not usually exceed five per cent, of the par value of the shares, so that the humblest were able to count upon enormous dividends from very trifling investments. The number of stock companies created was computed at 624, calling for a nominal capital of £372,173,100. This enormous

<sup>1</sup> Gilbart, L, 65.

<sup>2</sup> Juglar, 334.

<sup>3</sup> MacLeod, *Theory and Practice of Banking*, II., in